



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

David A. Vaudt, CPA  
Auditor of State

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**NEWS RELEASE**

FOR RELEASE January 2, 2004

Contact: Andy Nielsen  
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Auditor of State David A. Vaudt today released an audit report on the City of Wilton, Iowa.

The City's receipts totaled \$2,984,907 for the year ended June 30, 2003, a six percent increase from 2002. The receipts included \$985,518 in property tax, \$343,281 in tax increment financing collections, \$231,294 in local option sales tax, \$371,073 from other governments and \$72,761 in interest on investments.

Disbursements for the year totaled \$2,926,806, a thirty percent decrease from the prior year, and included \$795,658 for general government, \$681,369 for business type activities and \$464,618 for public works. The significant decrease in disbursements in the fiscal year ended June 30, 2003 is a result of capital project activity completed in the prior year.

A copy of the audit report is available for review in the Office of Auditor of State and the City Clerk's office.

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**CITY OF WILTON**  
**INDEPENDENT AUDITOR'S REPORTS**  
**FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION**  
**SCHEDULE OF FINDINGS**  
**JUNE 30, 2003**

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**City of Wilton**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Kenneth P. Lincoln	Mayor	Jan 2004
Richard L. Garrison	Mayor Pro tem	Jan 2004
George W. Freeland	Council Member	Jan 2004
Ted Glenney	Council Member	Jan 2004
Troy Bronner	Council Member	Jan 2006
Mark Lucas II	Council Member	Jan 2006
Richard E. Wardenburg	Administrator	Indefinite
Lori A. Brown	Clerk/Treasurer	Indefinite
Gerald Denning	Attorney	Indefinite

**City of Wilton**



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## Independent Auditor's Report

To the Honorable Mayor and  
Members of the City Council:

We have audited the accompanying financial statements, listed as exhibits in the table of contents of this report, of the City of Wilton, Iowa, as of and for the year ended June 30, 2003. These financial statements are the responsibility of the City of Wilton's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

The financial statements referred to above do not include the financial transactions of the Wilton Municipal Light and Power System, a component unit of the City of Wilton, pertaining to the Enterprise Funds, which should be included in order to conform with U.S. generally accepted accounting principles. The financial transactions that should be included are on a different basis of accounting.

As discussed in note 11, the City of Wilton intends to implement Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus; and Statement No. 38, Certain Financial Statement Note Disclosures, for the year ending June 30, 2004. The effects of these statements are expected to significantly impact the presentation of the City's financial statements and related notes in the year of implementation. The revised requirements include an analytical overview of the City's financial activities in the Management's Discussion and Analysis introduction to the financial statements.

In our opinion, except for the effects on the financial statements due to the exclusion of the financial transactions of the Wilton Municipal Light and Power System from the reporting entity, the aforementioned financial statements present fairly, in all material respects, the results of the cash transactions of the funds of the City of Wilton as of and for the year ended June 30, 2003, and its indebtedness at June 30, 2003, on the basis of accounting described in note 1.

In accordance with Government Auditing Standards, we have also issued a report dated October 10, 2003 on our consideration of the City of Wilton's internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, and contracts. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the aforementioned financial statements taken as a whole. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2002 (none of which are presented herein) and expressed qualified opinions on those financial statements due to the exclusion of the financial transactions of the Wilton Municipal Light and Power System which were on a different basis of accounting. The supplemental information included in Schedules 1 through 7 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in our audit of the aforementioned financial statements and, in our opinion, except for the effects on the financial statements due to the exclusion of the financial transactions of the Wilton Municipal Light and Power System from the reporting entity, is fairly stated in all material respects in relation to the aforementioned financial statements taken as a whole.

DAVID A. VAUDT, CPA  
Auditor of State

WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

October 10, 2003

## **Financial Statements**

City of Wilton  
 Combined Statement of Cash Transactions  
 All Fund Types  
 Year ended June 30, 2003

	Governmental Fund Types		
	General	Special Revenue	Debt Service
Receipts:			
Property tax	\$ 470,006	81,691	433,821
Tax increment financing collections	-	343,281	-
Other city tax	144,100	2,011	9,137
Licenses and permits	5,492	-	-
Use of money and property	33,771	346	3,620
Intergovernmental	139,801	230,318	-
Charges for service	10,201	-	-
Special assessments	1,567	-	78,839
Miscellaneous	18,413	17,181	-
Total receipts	<u>823,351</u>	<u>674,828</u>	<u>525,417</u>
Disbursements:			
Public safety	361,904	35,104	-
Public works	59,161	405,457	-
Health and social services	3,579	-	-
Culture and recreation	143,306	3,579	-
Community and economic development	12,770	-	-
General government	759,500	36,158	-
Debt service	-	-	401,926
Business type activities	-	-	-
Total disbursements	<u>1,340,220</u>	<u>480,298</u>	<u>401,926</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(516,869)</u>	<u>194,530</u>	<u>123,491</u>
Other financing sources (uses):			
Sale of general fixed assets	312,554	-	-
Operating transfers in	89,792	98,213	34,564
Operating transfers out	(17,056)	(192,064)	-
Total other financing sources (uses)	<u>385,290</u>	<u>(93,851)</u>	<u>34,564</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	<u>(131,579)</u>	<u>100,679</u>	<u>158,055</u>
Balance beginning of year, as restated (note 13)	<u>991,207</u>	<u>410,303</u>	<u>170,827</u>
Balance end of year	<u>\$ 859,628</u>	<u>510,982</u>	<u>328,882</u>

See notes to financial statements.

Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
Enterprise	Trust and Agency	
-	-	985,518
-	-	343,281
115,647	-	270,895
-	-	5,492
42,193	925	80,855
-	954	371,073
661,699	-	671,900
-	-	80,406
30,692	109,201	175,487
850,231	111,080	2,984,907
-	6,082	403,090
-	-	464,618
-	-	3,579
-	16,911	163,796
-	-	12,770
-	-	795,658
-	-	401,926
602,760	78,609	681,369
602,760	101,602	2,926,806
247,471	9,478	58,101
-	-	312,554
158,395	-	380,964
(171,844)	-	(380,964)
(13,449)	-	312,554
234,022	9,478	370,655
1,987,806	37,137	3,597,280
2,221,828	46,615	3,967,935

City of Wilton

Comparison of Receipts, Disbursements and Changes in Balances -  
Actual to Budget

Year ended June 30, 2003

	Actual	Less Funds not Required to be Budgeted
Receipts:		
Property tax	\$ 985,518	-
Tax increment financing collections	343,281	-
Other city tax	270,895	-
Licenses and permits	5,492	-
Use of money and property	80,855	883
Intergovernmental	371,073	-
Charges for service	671,900	-
Special assessments	80,406	-
Miscellaneous	175,487	9,347
Total receipts	<u>2,984,907</u>	<u>10,230</u>
Disbursements:		
Public safety	403,090	6,082
Public works	464,618	-
Health and social services	3,579	-
Culture and recreation	163,796	5,300
Community and economic development	12,770	-
General government	795,658	-
Debt service	401,926	-
Business type activities	681,369	-
Total disbursements	<u>2,926,806</u>	<u>11,382</u>
Excess (deficiency) of receipts over (under) disbursements	58,101	(1,152)
Other financing sources, net	<u>312,554</u>	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	370,655	(1,152)
Balance beginning of year, as restated (note 13)	<u>3,597,280</u>	<u>35,753</u>
Balance end of year	<u>\$ 3,967,935</u>	<u>34,601</u>

See notes to financial statements.

Net	Amended Budget	Variance Favorable (Unfavorable)	Net as % of Amended Budget
985,518	925,162	60,356	107%
343,281	342,582	699	100%
270,895	139,123	131,772	195%
5,492	16,625	(11,133)	33%
79,972	18,000	61,972	444%
371,073	248,100	122,973	150%
671,900	1,037,940	(366,040)	65%
80,406	2,000	78,406	4020%
166,140	473,903	(307,763)	35%
<u>2,974,677</u>	<u>3,203,435</u>	<u>(228,758)</u>	<u>93%</u>
397,008	405,800	8,792	98%
464,618	407,100	(57,518)	114%
3,579	7,000	3,421	51%
158,496	161,550	3,054	98%
12,770	7,000	(5,770)	182%
795,658	787,195	(8,463)	101%
401,926	402,926	1,000	100%
681,369	1,015,840	334,471	67%
<u>2,915,424</u>	<u>3,194,411</u>	<u>278,987</u>	<u>91%</u>
59,253	9,024		
<u>312,554</u>	-		
371,807	9,024		
<u>3,561,527</u>	<u>4,294,670</u>		
<u>3,933,334</u>	<u>4,303,694</u>		

City of Wilton  
Statement of Indebtedness  
Year ended June 30, 2003

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation notes:			
Essential corporate purpose	Jun 1, 2000	4.90-6.15%	\$ 3,905,000
Curb and gutter	Jan 1, 2002	3.25-5.80	465,000
Special assessment notes:			
Curb and gutter - Phase IV	Jan 1, 2002	3.75-5.60%	\$ 173,000
Total			
Sewer revenue bonds	Dec 13, 1999	3.92%	\$ 1,794,000

See notes to financial statements.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
3,645,000	-	125,000	3,520,000	207,653
465,000	-	15,000	450,000	32,562
<u>\$ 4,110,000</u>	<u>-</u>	<u>140,000</u>	<u>3,970,000</u>	<u>240,215</u>
<u>173,000</u>	<u>-</u>	<u>13,000</u>	<u>160,000</u>	<u>7,711</u>
<u>1,671,000</u>	<u>-</u>	<u>66,000</u>	<u>1,605,000</u>	<u>65,503</u>

City of Wilton

Notes to Financial Statements

June 30, 2003

**(1) Summary of Significant Accounting Policies**

The City of Wilton is a political subdivision of the State of Iowa located in Cedar and Muscatine Counties. It was first incorporated in 1857 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, culture and recreation, community and economic development, general government and business type activities.

A. Reporting Entity

Except as discussed below, the City of Wilton has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

These financial statements present the City of Wilton (the primary government) and the following component units: Wilton Library Foundation, Friends of the Wilton Public Library and Wilton Volunteer Fire Department. These component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City.

Wilton Library Foundation is legally separate from the City but is so intertwined with the City that it is, in substance, the same as the City. It is reported as part of the City and blended into the Trust and Agency Funds. Wilton Library Foundation has been established pursuant to Chapter 504A of the Code of Iowa for the purpose of supporting the Wilton Public Library. The Wilton Public Library is the primary beneficiary of this charitable organization and it is the intent of the Board of Directors of Wilton Library Foundation to continue this relationship with the City.

Friends of the Wilton Public Library is legally separate from the City but is so intertwined with the City that it is, in substance, the same as the City. It is reported as part of the City and blended into the Trust and Agency Funds. Friends of the Wilton Public Library has been established pursuant to Chapter 504A of the Code of Iowa for the purpose of supporting the Wilton Public Library. The Wilton Public Library is the primary beneficiary of this charitable organization and it is the intent of Friends of the Wilton Public Library to continue this relationship with the City.

The Wilton Volunteer Fire Department was established pursuant to local ordinance and has the potential to provide specific benefits to or impose specific financial burdens on the City. The Department consists of a Chief Engineer, Assistant Engineer, and such Fire Wardens as may from time to time be appointed by the Mayor. The Wilton Volunteer Fire Department is reported as part of the City and blended into the Trust and Agency Funds.

#### Excluded Component Unit

The Wilton Municipal Light and Power System was established pursuant to Chapter 388 of the Code of Iowa, is legally separate from the City, but has the potential to provide specific benefits to or impose specific financial burdens on the City. The System is governed by a five-member board of trustees appointed by the Council. Complete financial statements can be obtained from the System's administrative office. The financial transactions of this component unit have not been displayed because it uses a different basis of accounting.

#### Jointly Governed Organizations

The City also participates in several jointly governed organizations for which the City is not financially accountable or that the nature and significance of the relationship with the City are such that exclusion does not cause the City's financial statements to be misleading or incomplete. City officials are members of or appoint representatives to the following boards: Cedar and Muscatine County Assessor's Conference Boards, E911 Joint Service Board, Muscatine County Solid Waste Management Agency and Cedar County Solid Waste Commission.

### B. Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its receipts, disbursements and balances. The various funds and their designated purposes are as follows:

#### Governmental Funds

General Fund – The General Fund is the general operating fund of the City. All general tax receipts and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid through other funds.

Special Revenue Funds – The Special Revenue Funds are utilized to account for receipts derived from specific sources which are usually required by law or regulation to be accounted for in separate funds.

Debt Service Funds – The Debt Service Funds are utilized to account for the payment of interest and principal on the City's general obligation and special assessment long-term debt.

### Proprietary Funds

Enterprise Funds – The Enterprise Funds are utilized to finance and account for the acquisition, operation and maintenance of governmental facilities and services that are supported by user charges.

### Fiduciary Funds

Trust and Agency Funds – The Trust and Agency Funds are utilized to account for monies and properties received and held by the City in a trustee capacity as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds. These include Expendable Trust Funds and Agency Funds.

#### C. Basis of Accounting

The City of Wilton maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

#### D. Budgets and Budgetary Accounting

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds, except the blended component units. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements, known as functions, not by fund. These functions are public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities.

#### E. Total (Memorandum Only)

The total column on the combined statement of cash transactions is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position or results of operations in conformity with U.S. generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

## **(2) Cash and Pooled Investments**

The City's deposits in banks at June 30, 2003 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council, prime eligible bankers acceptances; certain high-rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The Wilton Library Foundation's investments are categorized to give an indication of the level of risk assumed by the Foundation at year end. The Foundation's investments are all category 1 which means that the investments are insured or registered or the securities are held by the Foundation or its agent in the Foundation's name.

The Foundation's investments at June 30, 2003 are as follows:

Type	Carrying Amount	Fair Value
Common stock	\$ 9,114	7,115

**(3) Bonds and Notes Payable**

Annual debt service requirements to maturity for general obligation notes, special assessment notes and sewer revenue bonds are as follows:

Year Ending June 30,	General Obligation Notes		Special Assessment Notes		Sewer Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$ 150,000	223,775	15,000	7,925	68,000	62,916	233,000	294,616
2005	160,000	216,380	15,000	7,325	71,000	60,250	246,000	283,955
2006	165,000	208,350	15,000	6,687	74,000	57,467	254,000	272,504
2007	170,000	199,937	15,000	6,012	77,000	54,566	262,000	260,515
2008	180,000	191,137	20,000	5,300	80,000	51,548	280,000	247,985
2009	190,000	181,697	20,000	4,300	83,000	48,412	293,000	234,409
2010	200,000	171,607	20,000	3,270	86,000	45,158	306,000	220,035
2011	210,000	160,807	20,000	2,210	89,000	41,787	319,000	204,804
2012	225,000	149,328	20,000	1,120	93,000	38,298	338,000	188,746
2013	235,000	136,877	-	-	96,000	34,653	331,000	171,530
2014	250,000	123,633	-	-	100,000	30,890	350,000	154,523
2015	265,000	109,423	-	-	104,000	26,970	369,000	136,393
2016	280,000	94,203	-	-	108,000	22,893	388,000	117,096
2017	290,000	77,832	-	-	112,000	18,659	402,000	96,491
2018	315,000	60,582	-	-	117,000	14,269	432,000	74,851
2019	330,000	41,683	-	-	121,000	9,682	451,000	51,365
2020	355,000	21,693	-	-	126,000	4,939	481,000	26,632
Total	\$ 3,970,000	2,368,944	160,000	44,149	1,605,000	623,357	5,735,000	3,036,450

The resolution providing for the issuance of the sewer revenue bonds issued under a loan agreement between the City of Wilton, the Iowa Finance Authority, the Iowa Department of Natural Resources and Wells Fargo Bank Iowa, N.A. includes the following provisions:

- (1) The bonds will only be redeemed from the future earnings of the enterprise activity and the bond holder holds a lien on the future earnings of the funds.
- (2) Sufficient monthly transfers shall be made to a separate sewer revenue bond sinking account for the purpose of making the bond principal and interest payments when due.
- (3) User rates shall be established at a level which produces and maintains net revenues at a level not less than 110% of the amount of principal and interest on the bonds falling due in the same year.

**(4) Pension and Retirement Benefits**

The City contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual salary and the City is required to contribute 5.75% of annual covered payroll except for police employees, in which case the percentages are 6.04% and 9.07%, respectively. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2003, 2002, and 2001 were \$40,527, \$38,696, and \$37,822, respectively, equal to the required contributions for each year.

**(5) Compensated Absences**

City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned compensated absences payable to employees, primarily relating to the General Fund, totaled \$24,000 at June 30, 2003. This liability has been computed based on rates of pay in effect at June 30, 2003.

**(6) Industrial Development Revenue Bonds**

The City has issued a total of \$5,900,000 of industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa, of which \$3,600,000 is outstanding at June 30, 2003. The bonds and related interest are payable solely from the rents payable by tenants of the properties constructed, and the bond principal and interest do not constitute liabilities of the City.

**(7) Budget Overexpenditure**

Per the Code of Iowa, disbursements may not legally exceed budgeted appropriations at the functional level. During the year ended June 30, 2003, disbursements in the public works, community and economic development and general government functions exceeded the amounts budgeted.

**(8) Urban Renewal Project Rebate Agreements**

In prior years, the City entered into four tax increment financing agreements. The City agreed to assist in urban renewal projects by rebating incremental taxes paid by the participating companies with respect to the improvements set forth in the urban renewal plan. The incremental taxes to be received by the City under Chapter 403.19 of the Code of Iowa from the participating companies will be rebated for a period of 15 years, beginning with the tax year in which the property taxes on the completed value of the improvements are first paid. The agreements end by fiscal year 2015. The total amount that will be rebated in any fiscal year for the four increment financing agreements is based on the assessed value of the land and buildings less the frozen property values times the property tax values for the City, Muscatine County and the Wilton Community School District, less the portion attributable to debt service for that year (fiscal year 2003 adjusted rate of \$25.90). The total rebated during the year ended June 30, 2003 was \$104,997. The total cumulative amount rebated since the inception of the agreements was \$193,087.

**(9) Risk Management**

The City of Wilton is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(10) Construction Commitment**

During the year ended June 30, 2003, the City entered into a contract for \$315,841 for the Northeast Development project. The project was started in July 2003 and will be paid from local sources available in the Special Revenue, Road Use Tax and Enterprise Fund, Water and Sewer Funds as the project progresses.

**(11) Prospective Accounting Change**

The Governmental Accounting Standards Board has issued Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments; Statement No. 37, Basic Financial Statements – and Management’ Discussion and Analysis – for State and Local Governments: Omnibus; and Statement No. 38, Certain Financial Statement Note Disclosures. These statements will be implemented for the year ending June 30, 2004. The effects are expected to significantly impact the presentation of governmental financial statements in the year of implementation. Also, the revised minimum reporting requirements include Management’s Discussion and Analysis to introduce the financial statements and to provide an analytical overview of the City’s financial activities.

**(12) Subsequent Events**

On August 11, 2003, the City approved purchasing a fire vehicle and a brush truck for \$29,957 and \$48,659, respectively.

**(13) Restatement**

To properly account for debt associated with the business type activity, the Sewer Bond and Interest account has been reclassified from a Debt Service Fund to an Enterprise Fund. As a result, the beginning balance in the Enterprise Fund and in the Debt Service Fund has increased and decreased by \$60,121, respectively.

**(14) Joint Venture**

The City is a party to an agreement with the Wilton Community School District pursuant to Chapter 28E of the Code of Iowa to operate the public swimming pool. The pool was constructed by the District upon land donated by the City. The agreement established a separate entity known as the Recreational Swim Program governed by a five-member Board of Trustees, of whom two are appointed by the City, two by the District and one by the four members. Operating expenses are shared equally by the City and District.

Selected unaudited information for the Wilton Community School District Swimming Pool for the year ended June 30, 2003 is as follows:

Receipts	\$ 124,648
Disbursements	<u>(123,576)</u>
Receipts over disbursements	1,072
Cash and investments at July 1, 2002	<u>25,045</u>
Cash and investments at June 30, 2003	<u><u>\$ 26,117</u></u>

The financial statements for the swimming pool can be obtained from the Wilton Community School District.

**Supplemental Information**

**City of Wilton**

City of Wilton  
Combining Schedule of Cash Transactions  
General Fund  
Year ended June 30, 2003

	General	Police Equipment Reserve	Fire Protection Equipment	Total
Receipts:				
Property tax	\$ 470,006	-	-	470,006
Other City tax:				
Cable franchise fee	16,911	-	-	16,911
Mobile home tax	3,938	-	-	3,938
Utility tax replacement excise tax	7,604	-	-	7,604
Local option sales tax	115,647	-	-	115,647
	<u>144,100</u>	-	-	<u>144,100</u>
Licenses and permits:				
Liquor	2,470	-	-	2,470
Cigarette	300	-	-	300
Beer	550	-	-	550
Building	977	-	-	977
Excavating	990	-	-	990
Special business	205	-	-	205
	<u>5,492</u>	-	-	<u>5,492</u>
Use of money and property:				
Interest on investments	21,221	71	5,089	26,381
Rent	7,390	-	-	7,390
	<u>28,611</u>	<u>71</u>	<u>5,089</u>	<u>33,771</u>
Intergovernmental:				
State allocation	35,779	-	-	35,779
Bank franchise tax	9,099	-	-	9,099
County library and fire allocation	14,010	-	52,973	66,983
Enrich Iowa grant	1,957	-	-	1,957
Wilton Electric wage reimbursement	13,055	-	-	13,055
Traffic grants	12,181	-	-	12,181
Library open access	747	-	-	747
	<u>86,828</u>	-	<u>52,973</u>	<u>139,801</u>

**Schedule 1**

City of Wilton  
Combining Schedule of Cash Transactions  
General Fund  
Year ended June 30, 2003

	General	Police Equipment Reserve	Fire Protection Equipment	Total
Receipts (continued):				
Charges for service:				
Zoning fees	525	-	-	525
Police services	9,676	-	-	9,676
	<u>10,201</u>	<u>-</u>	<u>-</u>	<u>10,201</u>
Special assessments	1,567	-	-	1,567
Miscellaneous:				
Court fines	3,884	-	-	3,884
Library copies and miscellaneous	2,704	-	-	2,704
Refunds and reimbursements	4,786	-	-	4,786
Miscellaneous	7,039	-	-	7,039
	<u>18,413</u>	<u>-</u>	<u>-</u>	<u>18,413</u>
Total receipts	<u>765,218</u>	<u>71</u>	<u>58,062</u>	<u>823,351</u>
Disbursements:				
Public safety:				
Police:				
Personal services	232,305	-	-	232,305
Services and commodities	42,405	-	-	42,405
Capital outlay	3,721	26,083	-	29,804
	<u>278,431</u>	<u>26,083</u>	<u>-</u>	<u>304,514</u>
Fire:				
Personal services	2,228	-	-	2,228
Services and commodities	30,524	-	-	30,524
Capital outlay	6,459	-	18,119	24,578
	<u>39,211</u>	<u>-</u>	<u>18,119</u>	<u>57,330</u>
Animal control:				
Services and commodities	60	-	-	60
	<u>317,702</u>	<u>26,083</u>	<u>18,119</u>	<u>361,904</u>

City of Wilton  
Combining Schedule of Cash Transactions  
General Fund  
Year ended June 30, 2003

	General	Police Equipment Reserve	Fire Protection Equipment	Total
Disbursements (continued):				
Public works:				
Traffic control:				
Services and commodities	2,284	-	-	2,284
Road, bridges and sidewalks:				
Personal services	35,916	-	-	35,916
Services and commodities	20,961	-	-	20,961
	56,877	-	-	56,877
	59,161	-	-	59,161
Health and social services:				
Welfare assistance:				
Services and commodities	3,579	-	-	3,579
Culture and recreation:				
Cemetery:				
Services and commodities	10,000	-	-	10,000
Swimming pool:				
Services and commodities	40,000	-	-	40,000
Library:				
Personal services	48,927	-	-	48,927
Services and commodities	8,878	-	-	8,878
Capital outlay	11,838	-	-	11,838
	69,643	-	-	69,643
Park:				
Personal services	80	-	-	80
Services and commodities	15,593	-	-	15,593
Capital outlay	7,990	-	-	7,990
	23,663	-	-	23,663
	143,306	-	-	143,306

**Schedule 1**

City of Wilton  
Combining Schedule of Cash Transactions  
General Fund  
Year ended June 30, 2003

	General	Police Equipment Reserve	Fire Protection Equipment	Total
Disbursements (continued):				
Community and economic development:				
Economic development:				
Services and commodities	770	-	-	770
Planning and zoning:				
Services and commodities	12,000	-	-	12,000
	<u>12,770</u>	-	-	<u>12,770</u>
General government:				
Mayor, council and city administrator:				
Personal services	66,881	-	-	66,881
Services and commodities	774	-	-	774
	<u>67,655</u>	-	-	<u>67,655</u>
Clerk, treasurer and finance:				
Personal services	88,454	-	-	88,454
Services and commodities	49,377	-	-	49,377
	<u>137,831</u>	-	-	<u>137,831</u>
City attorney:				
Services and commodities	12,087	-	-	12,087
City hall:				
Personal services	5,682	-	-	5,682
Services and commodities	28,744	-	-	28,744
Capital outlay	503,725	-	-	503,725
	<u>538,151</u>	-	-	<u>538,151</u>
Data processing:				
Services and commodities	3,776	-	-	3,776
	<u>759,500</u>	-	-	<u>759,500</u>
Total disbursements	<u>1,296,018</u>	<u>26,083</u>	<u>18,119</u>	<u>1,340,220</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(530,800)</u>	<u>(26,012)</u>	<u>39,943</u>	<u>(516,869)</u>

City of Wilton  
Combining Schedule of Cash Transactions  
General Fund  
Year ended June 30, 2003

	General	Police Equipment Reserve	Fire Protection Equipment	Total
Other financing sources (uses):				
Sale of general fixed assets	310,054	-	2,500	312,554
Operating transfers in (out):				
General:				
General	-	12,000	-	12,000
Police Equipment Reserve	(12,000)	-	-	(12,000)
Special Revenue:				
Group Health Insurance	(1,264)	-	-	(1,264)
Urban Renewal Tax Increment	38,292	-	-	38,292
Debt Service:				
General Obligation Bonds	(3,792)	-	-	(3,792)
Enterprise:				
Water	17,000	-	-	17,000
Sewer	10,000	-	-	10,000
Garbage	12,500	-	-	12,500
Total other financing sources (uses)	370,790	12,000	2,500	385,290
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(160,010)	(14,012)	42,443	(131,579)
Balance beginning of year	730,161	16,963	244,083	991,207
Balance end of year	\$ 570,151	2,951	286,526	859,628

See accompanying independent auditor's report.

**Schedule 2**

## City of Wilton

## Combining Schedule of Cash Transactions

## Special Revenue Funds

Year ended June 30, 2003

	Road Use Tax	Group Health Insurance	Urban Renewal Tax Increment	Road Use Equipment Reserve	Total
Receipts:					
Property tax	\$ -	81,691	-	-	81,691
Tax increment financing collections	-	-	343,281	-	343,281
Other city tax:					
Mobile home tax	-	1,345	-	-	1,345
Utility tax replacement excise tax	-	666	-	-	666
	-	2,011	-	-	2,011
Use of money and property:					
Interest on investments	-	163	183	-	346
Intergovernmental:					
Road use tax allocation	230,318	-	-	-	230,318
Miscellaneous:					
Insurance reimbursement	-	17,181	-	-	17,181
Total receipts	230,318	101,046	343,464	-	674,828
Disbursements:					
Public safety:					
Personal services	-	35,104	-	-	35,104
Public works:					
Roads, bridges and sidewalks:					
Personal services	48,137	21,362	-	-	69,499
Services and commodities	94,092	-	108,927	-	203,019
Capital outlay	126,774	-	-	-	126,774
	269,003	21,362	108,927	-	399,292
Snow and ice removal:					
Personal services	3,038	-	-	-	3,038
Services and commodities	3,127	-	-	-	3,127
	6,165	-	-	-	6,165
	275,168	21,362	108,927	-	405,457
Culture and recreation:					
Personal services	-	3,579	-	-	3,579

City of Wilton  
Combining Schedule of Cash Transactions  
Special Revenue Funds  
Year ended June 30, 2003

	Road Use Tax	Group Health Insurance	Urban Renewal Tax Increment	Road Use Equipment Reserve	Total
Disbursements (continued):					
General government:					
Personal services	-	36,158	-	-	36,158
Total disbursements	275,168	96,203	108,927	-	480,298
Excess (deficiency) of receipts over (under) disbursements	(44,850)	4,843	234,537	-	194,530
Other financing sources (uses):					
Operating transfers in (out):					
General:					
General	-	1,264	(38,292)	-	(37,028)
Special Revenue:					
Group Health Insurance	-	-	(6,772)	-	(6,772)
Road Use Tax	-	-	(91,441)	-	(91,441)
Urban Renewal Tax Increment	91,441	6,772	-	-	98,213
Debt Service:					
General Obligation Bonds	-	-	(30,772)	-	(30,772)
Enterprise:					
Sewer	-	-	(26,051)	-	(26,051)
Total other financing sources (uses)	91,441	8,036	(193,328)	-	(93,851)
Excess of receipts and other financing sources over disbursements and other financing uses	46,591	12,879	41,209	-	100,679
Balance beginning of year	330,373	36,225	3,511	40,194	410,303
Balance end of year	\$ 376,964	49,104	44,720	40,194	510,982

See accompanying independent auditor's report.

**Schedule 3**

## City of Wilton

## Combining Schedule of Cash Transactions

## Debt Service Funds

Year ended June 30, 2003

	General Obligation Bonds	Special Assessment Notes - Phase III	Special Assessment Notes - Phase IV	Total
Receipts:				
Property tax	\$ 433,821	-	-	433,821
Other city tax:				
Mobile home tax	3,026	-	-	3,026
Utility tax replacement excise tax	6,111	-	-	6,111
	9,137	-	-	9,137
Use of money and property:				
Interest on investments	2,545	-	1,075	3,620
Special assessments	-	17,463	61,376	78,839
Total receipts	445,503	17,463	62,451	525,417
Disbursements:				
Debt service:				
Principal redeemed	140,000	-	13,000	153,000
Interest paid	240,215	-	7,711	247,926
Registrar fees	725	-	275	1,000
Total disbursements	380,940	-	20,986	401,926
Excess of receipts over disbursements	64,563	17,463	41,465	123,491
Other financing sources:				
Operating transfers in:				
General:				
General	3,792	-	-	3,792
Special Revenue:				
Urban Renewal Tax Increment	30,772	-	-	30,772
Total other financing sources	34,564	-	-	34,564
Excess of receipts and other financing sources over disbursements	99,127	17,463	41,465	158,055
Balance beginning of year, as restated (note 13)	74,059	24,616	72,152	170,827
Balance end of year	\$ 173,186	42,079	113,617	328,882

See accompanying independent auditor's report.

**City of Wilton**

City of Wilton  
Combining Schedule of Cash Transactions  
Enterprise Funds  
Year ended June 30, 2003

	Water	Sewer	Garbage	Water Revenue Note and Interest	Garbage Equip- ment Reserve
Receipts:					
Other city tax:					
Local option sales tax	\$ -	-	-	-	-
Use of money and property:					
Interest on investments	7,283	9,179	6,044	5,752	3,298
Charges for service:					
Sale of water	203,604	-	-	-	-
Fire protection	7,445	-	-	-	-
Sewer rental fees	-	246,832	-	-	-
Garbage collection fees	-	-	158,253	-	-
Special collection fees	2,286	-	43,279	-	-
	213,335	246,832	201,532	-	-
Miscellaneous:					
Penalties	2,357	-	-	-	-
Customer deposits	-	-	-	-	-
Miscellaneous	4,342	2,308	17,845	-	-
	6,699	2,308	17,845	-	-
Total receipts	227,317	258,319	225,421	5,752	3,298
Disbursements:					
Business type activities:					
Personal services	56,659	56,693	117,420	-	-
Services and commodities	82,607	69,200	82,330	-	-
Capital outlay	500	803	1,000	-	-
Principal redeemed	-	-	-	-	-
Interest paid	-	-	-	-	-
Registrar fees	-	-	-	-	-
Total disbursements	-	-	-	-	-

Water Equip- ment Reserve	Sewer Equip- ment Reserve	Meter Deposits	Water Improve- ment and Reserve	Sewer Improve- ment	Sewer Treatment Plant	Sewer Bond and Interest	Total
-	-	-	-	115,647	-	-	115,647
1,458	1,179	568	21	6,805	199	407	42,193
-	-	-	-	-	-	-	203,604
-	-	-	-	-	-	-	7,445
-	-	-	-	-	-	-	246,832
-	-	-	-	-	-	-	158,253
-	-	-	-	-	-	-	45,565
-	-	-	-	-	-	-	661,699
-	-	-	-	-	-	-	2,357
-	-	3,840	-	-	-	-	3,840
-	-	-	-	-	-	-	24,495
-	-	3,840	-	-	-	-	30,692
1,458	1,179	4,408	21	122,452	199	407	850,231
-	-	-	-	-	-	-	230,772
-	-	3,210	-	-	-	-	237,347
-	-	-	-	-	-	-	2,303
-	-	-	-	-	-	66,000	66,000
-	-	-	-	-	-	65,503	65,503
-	-	-	-	-	-	835	835
-	-	-	-	-	-	132,338	602,760

City of Wilton  
Combining Schedule of Cash Transactions  
Enterprise Funds  
Year ended June 30, 2003

	Water	Sewer	Garbage	Water Revenue Note and Interest	Garbage Equip- ment Reserve
Excess (deficiency) of receipts over (under) disbursements	227,317	258,319	225,421	5,752	3,298
Other financing sources (uses):					
Operating transfers in (out):					
General:					
General	(17,000)	(10,000)	(12,500)	-	-
Special Revenue:					
Urban Renewal Tax Increment	-	26,051	-	-	-
Enterprise:					
Sewer	-	-	-	-	-
Sewer Improvement	-	-	-	-	-
Sewer Bond and Interest	-	(66,840)	-	-	-
Total other financing sources (uses)	(17,000)	16,051	(12,500)	-	-
Excess of receipts and other financing sources over disbursements and other financing uses	210,317	274,370	212,921	5,752	3,298
Balance beginning of year, as restated (note 13)	342,944	421,039	263,828	239,838	130,314
Balance end of year	\$ 553,261	695,409	476,749	245,590	133,612

See accompanying independent auditor's report.

Water Equip- ment Reserve	Sewer Equip- ment Reserve	Meter Deposits	Water Improve- ment and Reserve	Sewer Improve- ment	Sewer Treatment Plant	Sewer Bond and Interest	Total
1,458	1,179	4,408	21	122,452	199	(131,931)	247,471
-	-	-	-	-	-	-	(39,500)
-	-	-	-	-	-	-	26,051
-	-	-	-	-	-	66,840	66,840
-	-	-	-	-	-	65,504	65,504
-	-	-	-	(65,504)	-	-	(132,344)
-	-	-	-	(65,504)	-	132,344	(13,449)
1,458	1,179	4,408	21	56,948	199	413	234,022
63,406	47,208	30,202	4,783	338,880	45,243	60,121	1,987,806
64,864	48,387	34,610	4,804	395,828	45,442	60,534	2,221,828

City of Wilton  
Combining Schedule of Cash Transactions  
Trust and Agency Funds  
Year ended June 30, 2003

	Agency	
	Electric	
	Utility	Library
	Sales Tax	Trust
Receipts:		
Use of money and property:		
Interest on investments	\$ -	33
Gain on sale of common stock	-	-
Dividends on investments	-	-
	-	33
Intergovernmental:		
Enrich Iowa grant	-	954
Miscellaneous:		
Memorials and donations	-	17,943
Sales tax	81,403	-
Fundraisers and miscellaneous	-	-
	81,403	17,943
Total receipts	81,403	18,930
Disbursements:		
Public safety:		
Services and commodities	-	-
Capital outlay	-	-
	-	-
Culture and recreation:		
Services and commodities	-	2,932
Capital outlay	-	8,679
	-	11,611
Business type activities:		
Services and commodities	78,609	-
Total disbursements	78,609	11,611
Excess (deficiency) of receipts over (under) disbursements	2,794	7,319
Balance beginning of year	(2,794)	2,021
Balance end of year	\$ -	9,340

See accompanying independent auditor's report.

Expendable Trust					
Wilton Library Foundation	Friends of the Wilton Public Library	Wilton Volunteer Fire Department	Police		Total
199	-	30	9		271
604	-	-	-		604
50	-	-	-		50
853	-	30	9		925
-	-	-	-		954
313	345	3,100	508		22,209
-	-	-	-		81,403
-	3,147	2,442	-		5,589
313	3,492	5,542	508		109,201
1,166	3,492	5,572	517		111,080
-	-	5,175	-		5,175
-	-	907	-		907
-	-	6,082	-		6,082
864	952	-	-		4,748
-	3,484	-	-		12,163
864	4,436	-	-		16,911
-	-	-	-		78,609
864	4,436	6,082	-		101,602
302	(944)	(510)	517		9,478
26,928	4,763	4,062	2,157		37,137
27,230	3,819	3,552	2,674		46,615

**Schedule 6**

City of Wilton  
 Bond and Note Maturities  
 June 30, 2003

Year Ending June 30,	General Obligation Notes					Special Assessment			
	Essential Corporate Purpose		Curb and Gutter		Total	Notes		Revenue Bonds	
	Issued Jun 1, 2000		Issued Jan 1, 2002			Curb and Gutter		Sewer	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rate	Amount	
2004	5.15%	\$ 130,000	3.50%	\$ 20,000	150,000	4.00%	\$ 15,000	3.92%	\$ 68,000
2005	5.20	140,000	3.75	20,000	160,000	4.25	15,000	3.92	71,000
2006	5.25	145,000	4.00	20,000	165,000	4.50	15,000	3.92	74,000
2007	5.30	150,000	4.25	20,000	170,000	4.75	15,000	3.92	77,000
2008	5.35	160,000	4.40	20,000	180,000	5.00	20,000	3.92	80,000
2009	5.40	170,000	4.55	20,000	190,000	5.15	20,000	3.92	83,000
2010	5.50	175,000	4.70	25,000	200,000	5.30	20,000	3.92	86,000
2011	5.55	185,000	4.85	25,000	210,000	5.45	20,000	3.92	89,000
2012	5.60	200,000	5.00	25,000	225,000	5.60	20,000	3.92	93,000
2013	5.70	210,000	5.10	25,000	235,000	-	-	3.92	96,000
2014	5.75	220,000	5.20	30,000	250,000	-	-	3.92	100,000
2015	5.80	235,000	5.30	30,000	265,000	-	-	3.92	104,000
2016	5.90	250,000	5.40	30,000	280,000	-	-	3.92	108,000
2017	6.00	260,000	5.50	30,000	290,000	-	-	3.92	112,000
2018	6.05	280,000	5.60	35,000	315,000	-	-	3.92	117,000
2019	6.10	295,000	5.70	35,000	330,000	-	-	3.92	121,000
2020	6.15	315,000	5.80	40,000	355,000	-	-	3.92	126,000
Total		<u>\$ 3,520,000</u>		<u>\$ 450,000</u>	<u>\$ 3,970,000</u>		<u>\$ 160,000</u>		<u>\$ 1,605,000</u>

See accompanying independent auditor's report.

## City of Wilton

## Comparison of Taxes and Intergovernmental Receipts

	Years ended June 30,			
	2003	2002	2001	2000
Property tax	\$ 985,518	879,416	897,119	876,505
Tax increment financing collections	343,281	44,762	48,581	98,913
Other City tax:				
Cable franchise fee	16,911	16,345	15,357	8,006
Mobile home tax	8,309	8,302	8,663	-
Utility tax replacement exise tax	14,381	14,578	14,563	-
Local option sales tax	231,294	248,478	261,342	235,812
	270,895	287,703	299,925	243,818
Intergovernmental:				
Road use tax	230,318	226,596	211,478	209,033
State allocation	35,779	37,726	38,019	38,131
Bank franchise tax	9,099	10,434	10,216	4,151
Sales tax refund	-	-	63,004	10,052
Wilton Electric wage reimbursement	13,055	-	-	29,288
County allocations	66,983	59,349	49,711	-
Local law enforcement block grant	-	-	1,433	3,285
Bullet proof vest partnership	-	-	-	615
Other	15,839	9,533	10,255	20,267
	371,073	343,638	384,116	314,822
Total	\$ 1,970,767	1,555,519	1,629,741	1,534,058

See accompanying independent auditor's report.

**City of Wilton**



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

David A. Vaudt, CPA  
Auditor of State

State Capitol Building  
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Independent Auditor's Report on Compliance  
and on Internal Control over Financial Reporting

To the Honorable Mayor and  
Members of the City Council:

We have audited the financial statements of the City of Wilton, Iowa, as of and for the year ended June 30, 2003, and have issued our report thereon dated October 10, 2003. Our report expressed a qualified opinion on the financial statements, which were prepared in conformity with an other comprehensive basis of accounting, due to the exclusion of the financial transactions of the Wilton Municipal Light and Power System, which should be included. We conducted our audit in accordance with U. S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Wilton's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance that are described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2003 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have been resolved except for item (2).

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Wilton's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Wilton and other parties to whom the City of Wilton may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Wilton during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

DAVID A. VAUDT, CPA  
Auditor of State

WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

October 10, 2003

City of Wilton

Schedule of Findings

Year ended June 30, 2003

**Findings Related to the Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**REPORTABLE CONDITIONS:**

No material weaknesses in internal control over financial reporting were noted.

**Findings Related to Required Statutory Reporting:**

(1) Official Depository – A resolution naming an official depository has been approved by the City. The maximum deposit amount stated in the resolution was not exceeded during the year ended June 30, 2003.

(2) Certified Budget – Disbursements exceeded the amount budgeted in the public safety, public works and general government functions prior to the budget being amended in May 2003. Disbursements also exceeded the amounts budgeted in the public works, community and economic development and general government functions at June 30, 2003. Chapter 384.20 of the Code of Iowa states in part that public monies may not be expended or encumbered except under an annual or continuing appropriation.

Recommendation – The budget should have been amended in sufficient amounts as required by Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – Due to the conversion of the accounting system we were not as diligent on keeping track of the fund balances. We will keep better track next year.

Conclusion – Response accepted.

(3) Questionable Disbursements – No disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

(4) Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

City of Wilton

Schedule of Findings

Year ended June 30, 2003

- (5) Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Richard L. Garrison, Mayor Pro tem, Owner of Garrison's Garden Market and Greenhouse	Plants and trees	\$244
Ron Oveson and Robert Kreimeyer, Public Works, Owners of O & K Landscaping	Landscaping, per bids	10,617

The transactions with the Mayor Pro tem do not represent a conflict of interest in accordance with Chapter 362.5(10) of the Code of Iowa because the cumulative total during the fiscal year was less than \$1,500. The transactions with the Public Works employees do not represent a conflict of interest since they were entered into through competitive bidding.

- (6) Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- (7) Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.

Although minutes of council proceedings were published, they did not contain a summary of receipts as required by Chapter 372.13(6) of the Code of Iowa.

Recommendation – The City should publish minutes as is required by Chapter 372.13(6) of the Code of Iowa.

Response – We will now include the receipts on the minutes.

Conclusion – Response accepted.

- (8) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.
- (9) Revenue Bond – No instances of non-compliance with the provisions of the sewer revenue bond indenture were noted.
- (10) Corrective Transfer – Property tax collections of \$3,538 that should have been credited to other funds were erroneously credited to the General Fund, General Account in the year ended June 30, 2003.

City of Wilton

Schedule of Findings

Year ended June 30, 2003

Recommendation – The City should transfer \$2,900 to the Debt Service Fund, General Obligation Bonds Account and \$638 to the Special Revenue Fund, Group Health Insurance Account to correct this posting error.

Response – The transfer will be made.

Conclusion – Response accepted.

- (11) Corrective Transfer – During the year ended June 30, 2003, the City posted a correction to the Enterprise Fund, Water Account which should have been posted to the General Fund, General Account.

Recommendation – The City should transfer \$6,500 to the Enterprise Fund, Water Account from the General Fund, General Account to correct this posting error.

Response – The transfer will be made.

Conclusion – Response accepted.

- (12) Flat Dollar Uniform Allowances – The City pays police and public works employees a flat dollar amount for uniform allowances. The allowances were not included on the employee's W-2 forms at year end.

Recommendation – The City should ensure the uniform allowances are included on the employee's annual W-2 forms as taxable income as required by the Internal Revenue Service.

Response – We will now include clothing allowance on paychecks starting in February 2004.

Conclusion – Response accepted.

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City of Wilton

Staff

This audit was performed by:

Joe T. Marturello, CIA, Manager  
John G. Vanis, CGFM, Senior Auditor  
Heather B. Allen, Staff Auditor

Andrew E. Nielsen, CPA  
Deputy Auditor of State